
2004 SUPPLEMENTAL BUDGET SUMMARY

LEGISLATIVE FINAL



SENATE WAYS AND MEANS COMMITTEE

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2003-05 Biennial Balance Sheet
General Fund State and Emergency Reserve Fund
Dollars in Millions

2003-05

RESOURCES

Beginning Fund Balance	404.6
November 2003 Revenue Forecast	22,820.9
February 2004 Forecast Update	76.4
Revenue Legislation	(86.8)
Current Revenue Totals	22,810.5
Resource Changes	247.2
Transfers	62.2
Total Resources (Includes Fund Balance)	23,524.4

APPROPRIATIONS AND SPENDING ESTIMATES

Biennial Appropriation	23,081.4
2004 Supplemental	145.5
Governor's Vetoes	19.2
Spending Level	23,246.1

UNRESTRICTED GENERAL FUND BALANCE

Projected Ending Fund Balance	278.3
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EMERGENCY RESERVE FUND

Beginning Fund Balance	57.6
Actual/Estimated Interest Earnings, Transfers, and Appropriations	(57.6)
Projected Ending Fund Balance	0.0

Fund Transfers

(Dollars in Thousands)

<u>Fund Name</u>	Proposed 2004 Supplemental		
	<u>FY 2004</u>	<u>FY 2005</u>	<u>2003-05 Total</u>
Health Services Account	\$0	\$45,000	\$45,000
Financial Services Regulation Account	\$0	\$5,653	\$5,653
State Treasurer's Service Account	\$0	\$4,000	\$4,000
Gambling Revolving Account	\$0	\$2,500	\$2,500
Dept of Retirement Systems Expense Account	\$0	\$4,000	\$4,000
Insurance Commissioner's Regulatory Account	\$0	\$1,000	\$1,000
K-20 Technology Account	\$0	\$1	\$1
	\$0	\$62,155	\$62,155

HUMAN SERVICES

DEPARTMENT OF SOCIAL AND HEALTH SERVICES

MEDICAL ASSISTANCE

CHILDREN'S MEDICAL PREMIUMS – \$19.9 MILLION HEALTH SERVICES ACCOUNT, \$0.8 MILLION GENERAL FUND-STATE, \$24.6 MILLION GENERAL FUND-FEDERAL

As shown below, families will pay substantially less than originally budgeted to cover a child under state medical programs.

Monthly Premium per Child		
Monthly Family Income	2003-05 Budget	2004 Supplemental
100 to 150% of Poverty Level	\$15	\$0
151 to 200% of Poverty Level	\$20	\$10
201 to 250% of Poverty Level	\$25	\$15
Start Date	April 2004	July 2004

Premium implementation is delayed until July 2004. Families will pay for a maximum of three children per household.

HOSPITAL GRANTS - \$15.7 MILLION HEALTH SERVICES ACCOUNT

Grants and transfer payments to assist hospitals bear the cost of uncompensated care are increased to \$76.8 million, a 24 percent increase over the amounts previously budgeted for the biennium.

COMMUNITY CLINIC GRANTS - \$2.6 MILLION HEALTH SERVICES ACCOUNT

An approximately 25 percent increase is provided in direct state grant assistance to clinics that provide medical and dental care to low-income uninsured persons.

MULTIPLE-SOURCE DRUG PRICING – \$3.9 MILLION GENERAL FUND-STATE SAVINGS, \$4.0 MILLION GENERAL FUND-FEDERAL SAVINGS

Additional staff will research and update the wholesale prices actually being charged in Washington for multiple-source (“generic”) drugs. Purchasing drugs at prices closer to their actual acquisition cost, rather than at prices based on national guidelines that are often outdated, is expected to result in a net savings. Prices will be increased for some drug classes and reduced for others.

IMPROVE DRUG REBATE COLLECTIONS – \$2.8 MILLION GENERAL FUND-STATE SAVINGS, \$2.8 MILLION GENERAL FUND-FEDERAL SAVINGS

Funding is provided to assign four additional staff to the collection of rebates due to the state under the Medicaid prescription drug program. The staff will reduce a backlog of approximately \$7 million of claims currently under dispute with the manufacturers, and initiate a number of process improvements that will result in faster recovery of rebates for a broader array of drugs.

AGING AND DISABILITY SERVICES

HEMOCARE WORKER CONTRACT - \$23.9 MILLION GENERAL FUND-STATE, \$21.9 MILLION GENERAL FUND-FEDERAL

Funding is provided to implement the wage and benefit increases negotiated by the Homecare Quality Authority, in accordance with the collective bargaining provisions of Initiative 775. Under the terms of the agreement, the approximately 24,000 individuals who contract with the state to provide in-home assistance to a disabled person will receive a 50 cent per hour wage increase and workers' compensation coverage beginning in October 2004. Those working half-time or more will also receive a \$400 monthly contribution toward health insurance coverage beginning January 2005. Funding is also provided for a variety of increased administrative costs associated with implementing the terms of the agreement. Continuing these provisions will cost an estimated \$160 million (\$81 million general fund-state) next biennium.

RESIDENTIAL VENDOR RATE INCREASE -- \$13.0 MILLION GENERAL FUND-STATE, \$12.6 MILLION GENERAL FUND-FEDERAL

Agencies that contract with the state to provide residential care for persons with disabilities will receive a 2.4 percent inflationary increase beginning in July 2004. A wide variety of residential care programs will benefit from the increase, including nursing homes, adult family homes, adult residential care facilities, assisted living facilities, group homes, and supported living programs.

AGENCY HEMOCARE WORKER WAGE INCREASE - \$2.3 MILLION GENERAL FUND-STATE, \$2.2 MILLION GENERAL FUND-FEDERAL

Funding is provided for a wage increase averaging 50 cents per hour, beginning in October 2004, for direct care workers employed by agencies that contract with the state to provide homecare services.

AREA AGENCY ON AGING CASE MANAGEMENT SERVICES -- \$2.2 MILLION GENERAL FUND-STATE, \$2.3 MILLION GENERAL FUND-FEDERAL

Funding is provided for a 15 percent increase in state funding for Area Agency on Aging (AAA) case management services, beginning July 2004. The state contracts with the AAAs to provide case management and nurse oversight for persons who receive in-home long-term care.

INCREASED PLACEMENT AND COMMUNITY SERVICES - \$1.9 MILLION GENERAL FUND-STATE, \$1.9 MILLION GENERAL FUND-FEDERAL

Funding is provided for at least 49 new community placements. Twenty placements are designated for community protection placements for clients diverted or discharged from the state psychiatric hospitals; participating in the dangerous mentally ill offender or community protection program or mental health crisis diversion outplacements. The remaining 29 community placements are prioritized for children aging out of other services, and current home and community-based waiver program clients.

EMPLOYMENT AND DAY PROGRAMS - \$1.0 MILLION GENERAL FUND-STATE, \$0.3 MILLION GENERAL FUND-FEDERAL

Resources are added for employment and day programs for young adults with developmental disabilities who are graduating from high school. Funding is provided for both current waiver and non-waiver clients.

COMPREHENSIVE ASSESSMENT TOOL - \$1.2 MILLION GENERAL FUND-STATE, \$1.3 MILLION GENERAL FUND-FEDERAL

Funding is provided to modify and automate the Comprehensive Assessment Reporting Evaluation (CARE) tool currently used by the Aging and Adult Services Administration to improve the consistency of assessments for individuals with developmental disabilities in determining client service needs.

KINSHIP CAREGIVER SUPPORT - \$0.5 MILLION GENERAL FUND-STATE

Funding is provided to assist grandparents and other non-parental relatives who are caring for children who might otherwise be at risk of foster care placement.

ECONOMIC SERVICES**CHILD CARE SUBSIDY RATE INCREASE -- \$0.5 MILLION GENERAL FUND-STATE**

Funding is provided for a Working Connections Child Care subsidy rate increase for child care providers in urban areas of Region 1.

LIMITED-ENGLISH PROFICIENT (LEP) - \$1.25 MILLION GENERAL FUND-STATE

Specialized employment services through the Limited-English Proficient program is provided to refugees and other limited-English-proficient (LEP) families and individuals.

FOOD ASSISTANCE - \$0.11 MILLION GENERAL FUND-STATE

Pursuant to Engrossed Senate Bill 6411 (reducing hunger), food stamp assistance is made available to households who cease to receive temporary assistance for needy families (TANF).

OTHER DSHS**CHILDREN'S ADMINISTRATION****DOMESTIC VIOLENCE PROGRAMS - \$2 MILLION GENERAL FUND-STATE**

Domestic violence shelters are experiencing increased workloads due to greater awareness of domestic violence (DV) issues. In 2003, nearly 35,000 requests for DV services could not be met. Funding is provided to help address the increased demand for domestic violence services and to restore \$1 million in reduced federal funding.

PROGRAM IMPROVEMENT PLAN AND FAMILY CASE CONFERENCES - \$1.8 MILLION GENERAL FUND-STATE, \$0.53 GENERAL FUND-FEDERAL

Funding is provided to implement the first phase of the department's Program Improvement Plan in response to a recent federal Child and Family Services Review. Additional resources are also provided to implement family case conferences (Engrossed Substitute Senate Bill 6442) and to expedite enhancements to the Case Management Information System (CAMIS), which supports case worker activities.

DRUG ALCOHOL AND SUBSTANCE ABUSE**WASHINGTON STATE MENTORING PARTNERSHIP - \$0.25 MILLION GENERAL FUND-STATE**

Funding is provided for the Washington State Mentoring Partnership, which is a prevention network targeting children and youth. The goal of the partnership is to obtain 1,000 new mentors per year and to increase the societal awareness regarding the benefits of mentoring. To achieve the goal, state funding will be supplemented by private sector donations.

MENTAL HEALTH**RESCIND "RATABLE REDUCTION" -- \$2.8 MILLION GENERAL FUND-STATE, \$2.8 MILLION GENERAL FUND-FEDERAL**

As an alternative to an administrative reduction directed in the original biennial budget, the Governor directed that a 1.7 percent across-the-board reduction be applied to community mental health payment rates in the second year of the biennium. Funding is provided to avert this reduction.

SECURE COMMUNITY TRANSITION FACILITY MITIGATION -- \$0.39 MILLION GENERAL FUND-STATE
Funding is provided to the City of Seattle for mitigation costs related to siting a Secure Community Transition Facility (SCTF) for sexually violent predators transitioning from the DSHS Special Commitment Center on McNeil Island. The funding will be used for improved street lighting, law enforcement training, victim counseling, and an additional detective at the Seattle Police Department.

OTHER HUMAN SERVICES

DEPARTMENT OF HEALTH

ADDITIONAL STATE SUPPORT FOR CHILDHOOD IMMUNIZATIONS – \$2.7 MILLION HEALTH SERVICES ACCOUNT

State funding is provided to assure continued availability of medically-necessary immunizations for all the state's children, regardless of family income, in keeping with the state's universal distribution policy. Federal financial assistance for this function has been reduced.

RAPID RESPONSE TO ANIMAL-BORNE ILLNESSES – \$0.4 MILLION GENERAL FUND-STATE

Additional funding is provided to assure rapid identification and response to emerging diseases that can be transmitted from animals to humans, such as West Nile virus and St. Louis encephalitis.

VOLUNTEER RETIRED PROVIDERS – \$0.3 MILLION GENERAL FUND-STATE

The Volunteer Retired Provider program pays some or all of the professional licensing and malpractice insurance costs for retired health care professionals who volunteer their services in non-profit clinics serving low-income and other under-served populations. Funding is provided to more than triple the number of retired providers assisted through the program, to approximately 300 per year.

HIGHER EDUCATION

FINANCIAL AID

STATE NEED GRANT - \$4.5 MILLION GENERAL FUND-STATE

Funding is provided to (1) cover the impact of new state funded, high-demand full-time equivalent (FTE) student enrollments, and (2) to cover a shortfall in the state need grant for funded enrollments. The effective income cutoff for need grants is maintained at 55 percent of the State's median family income.

HEALTH PROFESSIONAL LOAN PROGRAM - \$2.0 MILLION GENERAL FUND-STATE

The legislative budget expands the Health Professional Scholarships and Loan Repayment Program. Additional funding will triple the size of the program and assist in the recruitment and retention of health care providers in underserved areas.

PROMISE SCHOLARSHIPS - \$2.3 MILLION GENERAL FUND-STATE

Funding is provided to restore the average grant award amount for the Promise Scholarship Program to approximately 51 percent of community college tuition and fees. For the class of 2005, eligibility is limited to 120 percent of median family income, adjusted for family size.

WASHINGTON CENTER SCHOLARSHIPS - \$60,000 MILLION GENERAL FUND-STATE

Funding is provided for \$4,000 scholarships to 15 Washington college students to participate in full-time, semester-long internships in Washington, D.C.

NEW ENROLLMENTS

GENERAL ENROLLMENT INCREASES - \$10.1 MILLION GENERAL FUND-STATE

Funding is provided to expand state-supported general enrollment slots as identified below:

School	Enrollment FTEs
Central Washington University	75
Eastern Washington University	78
The Evergreen State College	37
University of Washington	338
Washington State University	191
Western Washington University	108
Community and Technical Colleges	1,223
Total	2,050

ENROLLMENT INCREASES - HIGH DEMAND PROGRAMS - \$7.2 MILLION GENERAL FUND-STATE

The legislative budget provides funding for an additional 858 FTE enrollments in high demand fields. The Higher Education Coordinating Board will manage a competitive process for awarding 324 high demand enrollments to public baccalaureate institutions and private independent institutions for \$3.6 million. The State Board for Community and Technical Colleges will also manage a competitive process for awarding 534 enrollments in high demand fields.

CENTRAL WASHINGTON UNIVERSITY ENROLLMENT RECOVERY - \$0.27 MILLION GENERAL FUND-STATE

Funding is provided to restore 50 state funded student enrollments at Central Washington University that were deducted from the budgeted base in 2001.

ENROLLMENT GROWTH EVALUATION - \$0.1 MILLION GENERAL FUND-STATE

The legislative budget provides funding for the Higher Education Coordinating Board to evaluate specific policy alternatives with which the Legislature will make key investment decisions in the 2005-07 budgets.

HIGHER EDUCATION MISCELLANEOUS

UW PROTEOMICS CENTER - \$1.3 MILLION GENERAL FUND-STATE

The legislative budget provides \$1.3 million per year for personnel and equipment for the University of Washington Proteomics Center at the Lake Union Campus. Proteomics is the study of proteins and is the successor to the Human Genome Project.

UW-TACOMA AUTISM CENTER - \$0.68 MILLION GENERAL FUND-STATE

The legislative budget provides one-time funding to establish an Autism Center in Tacoma to provide early diagnosis and intervention for services for children with autism. The new facility will be a satellite facility of the Autism Center at the University of Washington Medical Center in Seattle and will provide clinical service and professional training.

TRANSITION MATH PROJECT - \$0.3 MILLION GENERAL FUND-STATE

One-time funding is provided to address the need to reduce remedial math courses taken at institutions of higher education through a joint project with representatives from the K-12 system, the community and technical college system and public four-year institutions. The State Board for Community and Technical Colleges will serve as the fiscal agent for the project.

PUBLIC SCHOOLS

HEALTH BENEFIT RATE PARITY/INCREASE - \$9.5 MILLION GENERAL FUND-STATE, \$44,000 GENERAL FUND-FEDERAL

In the original 2003-05 budget, the health benefit funding rate was \$570.74 per employee per month for school district employees for the 2004-05 school year. The legislative supplemental budget provides funding to increase the rate to \$582.47 per employee per month. The new rate provides parity with state employees. The only difference between the K-12 and state employee funding rates is that the K-12 rate does not include the \$2.11 that is included in the state employee rate for the settlement of a lawsuit. The state employee funding rate is expected to result in no increase in the average employee co-premium from 2004 to 2005.

CLASSIFIED STAFF SALARY INCREASE - \$5.5 MILLION GENERAL FUND-STATE, \$23,000 GENERAL FUND-FEDERAL

The legislative budget provides funding for a one percent salary increase for classified school employees for the 2004-05 school year. The average annual increase will be about \$300.

LEVY BASE CALCULATIONS (SSB 6211) - \$3.6 MILLION GENERAL FUND-STATE

Under Substitute Senate Bill 6211 (levy base calculations), each district's levy base will be increased by (1) the difference between the amount the district would have received under I-728 as originally passed by voters and the amount the district actually receives under I-728 as amended in 2003; and (2) the difference between the amount the district would have received under I-732 as originally passed by voters and the amount the district actually receives under I-732 as amended in 2003. This change increases projected state levy equalization allocations by \$6.6 million in calendar year 2005, and by \$3.6 million in FY 2005.

WASHINGTON ASSESSMENT OF STUDENT LEARNING CHANGES - \$0.87 MILLION GENERAL FUND-STATE

The Washington Assessment of Student Learning (WASL) system is augmented to implement the 2008 Certificate of Academic Achievement graduation requirement. The Certificate of Academic Achievement will require students to pass the 10th grade WASL in three subject areas (reading, writing, and mathematics) or demonstrate mastery by an alternate method when a standardized assessment is a barrier to demonstrating their mastery of education standards. To prepare for the implementation of the graduation requirement, the Office of the Superintendent of Public Instruction will offer Spring and Fall WASL retake opportunities for high school students, develop options for alternate assessments and/or an appeals procedure, and review the alignment between the assessments and our learning standards.

DIGITAL LEARNING COMMONS - \$0.65 MILLION GENERAL FUND-STATE

The Digital Learning Commons is a nonprofit corporation that provides a web-based portal where students, parents, and teachers have access to resources, learning tools, and on-line classes. In its first year of operation, the Digital Learning Commons is providing services to 5,000 students and 500 teachers in 17 schools. Funding is provided to expand the pilot project in the 2004-05 school year to serve additional students and teachers. The expansion also will provide additional resources for parents and increase parent participation in the second year of the project.

CHARTER SCHOOLS - \$0.64 MILLION GENERAL FUND-STATE

Funding is provided for the implementation of Engrossed Second Substitute House Bill 2295 (charter schools), which provides for the establishment of a limited number of charter schools. Most of the fiscal impact comes from an anticipated increase in public charter school enrollment from home-schooled students and students currently attending private schools. Funding is also provided for the Institute for Public Policy to evaluate the effectiveness of charter schools.

MATHEMATICS INITIATIVE - \$0.58 MILLION GENERAL FUND-STATE

The legislative budget provides funding for the Office of Superintendent of Public Instruction (OSPI) to disseminate information on essential components of comprehensive, school-based mathematics programs and evaluate mathematics textbooks and other instructional materials to determine the extent to which they are aligned with the state standards. A scorecard with the analysis will be widely available and will inform school district decision-makers regarding curriculum purchases. In addition, the OSPI will work with mentor teachers from around the state to develop guidelines for eligibility, training, and professional development for mathematics mentor teachers. Finally, the Washington Professional Educator Standards Board (WPESB) will submit a report regarding specific implementation strategies to strengthen the mathematics initiative by improving teacher knowledge and skill development.

ALTERNATIVE ROUTES TO CERTIFICATION - \$0.34 MILLION GENERAL FUND-STATE

Funding is provided for the Washington Professional Educator Standards Board to expand the Alternative Routes to Certification Program to provide more teacher certification opportunities in areas of the state without current access to an alternative route program. The expansion will add 40 additional internships to the Alternative Route to Certification Program, building upon a federal grant to establish regional teacher preparation centers.

READING AND MATH SOFTWARE - \$0.25 MILLION GENERAL FUND-STATE

Funding is provided for the purchase of reading and math software in the Tukwila and Selah school districts. The software will be used in conjunction with other research-based reading and math intervention programs. The Office of Superintendent of Public Instruction will provide a report detailing the outcomes achieved in the two school districts.

K-12 STUDIES - \$0.19 MILLION GENERAL FUND-STATE, \$50,000 GENERAL FUND-FEDERAL

Funding is provided for five K-12-related studies: (1) the Office of Financial Management will evaluate the costs and benefits of encouraging K-12 employee bargaining units to elect coverage under plans administered by the Public Employee Benefits Board; (2) the Washington State Institute for Public Policy will examine issues related to the transitional bilingual education program; (3) the Joint Legislative Audit and Review Committee (JLARC) and the State Auditor's Office will conduct a legal and financial review of alternative learning experience programs; (4) JLARC will study methods of bidding and purchasing school buses; and (5) JLARC will conduct a study of state and school district expenditures of federal Title II (professional development) monies.

NATURAL RESOURCES

IMPROVING FOOD SAFETY AND MARKETING WASHINGTON AGRICULTURE - \$1.1 MILLION GENERAL FUND-STATE

In response to the Bovine Spongiform Encephalopathy (BSE) incident, funding is provided for increased food safety and commercial feed inspections, and animal identification strategies. Funding is also provided to continue and expand the “Heart of Washington” campaign to market Washington agricultural products to domestic and international markets.

RESOLVING WATER PROBLEMS - \$2.2 MILLION GENERAL FUND-STATE

Funding is provided for several enhancements related to solving water problems. Water rights processing capacity is increased by \$500,000. An increase of \$1 million is provided for setting and monitoring instream flows. Improvements in water quality data required by 2SSB 5957 are estimated to cost \$218,000. The costs for mediating water rights disputes with the Lummi Nation are funded at \$200,000, and \$100,000 is provided to support the Nisqually River Council Watershed Initiative Project. Funding is provided for the state’s share of a study of the Rathdrum Prairie Aquifer in the Spokane area. Washington and Idaho are both contributing \$100,000 each and the federal government is providing \$500,000.

REDUCING MERCURY AND OTHER PCBs IN OUR ENVIRONMENT - \$0.17 MILLION GENERAL FUND-STATE, \$0.16 MILLION STATE TOXICS ACCOUNT

Funding is provided to increase the recycling of mercury from hospitals, automobiles and fluorescent lamps. Mercury is a persistent bioaccumulative toxin (PBT) that can cause neurological damage. Funding is also provided for a chemical action plan to address the chemical compound polybrominated diphenyl ethers (PBDE).

SOCKEYE FISHERY ON LAKE WASHINGTON - \$75,000 WILDLIFE ACCOUNT-STATE, \$75,000 RECREATIONAL FISHERIES ENHANCEMENT ACCOUNT

The Lake Washington Sockeye run for the upcoming season is expected to be large enough to allow a limited season for recreational fishing. Funding is provided for the additional workload required to manage that fishery and an additional fishery in eastern Washington. The Lake Washington fishery is anticipated to generate increased fishing license revenue to help offset the additional costs.

PREVENTING OILS SPILLS - \$0.14 MILLION OIL SPILL PREVENTION ACCOUNT

Funding is provided to implement Substitute Senate Bill 6641 which requires the development of a “zero spill” strategy to prevent the release of oil or hazardous substances into marine waters.

CRIMINAL JUSTICE

DEPARTMENT OF CORRECTIONS

MAINTAIN ADEQUATE SUPERVISION FOR THE DRUG OFFENDER SENTENCING ALTERNATIVE (DOSA) - \$3.1 MILLION GENERAL FUND-STATE

Additional funding is provided to support supervision of offenders on the Drug Offender Sentencing Alternative (DOSA). With these additional resources, the Department of Corrections can supervise these offenders at a level acceptable to prosecutors and the courts.

TRANSFER YOUTHFUL OFFENDER PROGRAM - \$2.3 MILLION GENERAL FUND-STATE NET SAVINGS

Funding is reduced to reflect the transfer of 13 inmates under age 18 in the Department of Corrections (DOC) Youthful Offender Program at Clallam Bay Corrections Center to facilities managed by Department of Social and Health Services (DSHS) Juvenile Rehabilitation Administration (JRA). Inmates transferred to JRA will remain under the jurisdiction of DOC. The transfer will not change inmate sentences or time spent in total confinement. Inmates will return to DOC facilities after their eighteenth birthday. The transfer provides an additional 99 beds of close custody capacity for adult offenders, reducing the need to send offenders to more expensive, out-of-state "rental beds."

APPLY FELONY SUPERVISION CRITERIA TO GROSS MISDEMEANANTS - \$1.5 MILLION GENERAL FUND-STATE SAVINGS

Funding is reduced pursuant to Engrossed Senate Bill 6290, which applies the new felony supervision criteria established in Chapter 379, Laws of 2003 (ESSB 5590) to gross misdemeanants. Supervision for an estimated 2,026 low-risk misdemeanor cases is eliminated. Supervision for high-risk misdemeanor cases and offenders who have specific current and prior convictions is maintained. *Note: ESB 6290 did not pass the Legislature, although the savings are still assumed in the budget.*

OTHER CRIMINAL JUSTICE ENHANCEMENTS

- \$150,000 is provided for the Washington State Institute for Public Policy (WSIPP) to evaluate the effectiveness of sex offender sentencing policies and programs, as required by Engrossed Substitute House Bill 2400 (sex crimes against minors). Also, the Sentencing Guidelines Commission is required to review sex offender sentencing and report findings and recommended changes to the Legislature by December, 2004, in coordination with the WSIPP study.
- \$25,000 in Public Safety and Education Account funds are provided for a staff person at the Washington Association of Sheriffs and Police Chiefs to coordinate efforts to better utilize prison and jail capacity, and pursue regional jails where appropriate.
- \$376,000 in Public Safety and Education Account funds are provided to the Washington State Patrol to ensure sufficient supplies of DNA testing kits for the state crime laboratory.

GENERAL GOVERNMENT

COMMUNITY TRADE AND ECONOMIC DEVELOPMENT

HOMELESS FAMILIES -- \$2.0 MILLION GENERAL FUND-STATE

\$2,000,000 is provided for housing-based supportive services for homeless families.

CIVIL INDIGENT LEGAL SERVICES -- \$2.0 MILLION GENERAL FUND-STATE

\$2,000,000 is provided for increased civil legal services for low-income people who cannot afford to obtain legal counsel.

YOUTH ASSESSMENT CENTER - \$0.3 MILLION GENERAL FUND-STATE

Funding is provided for start-up and initial operation of a Youth Assessment Center in Pierce County. This funding will leverage an equal amount of funding from private sources and will support activities related to reducing the rate of incarceration of juvenile offenders.

COMMUNITY VOICE MAIL - \$0.16 MILLION GENERAL FUND-STATE

One-time funding is provided to community voice mail contractors to provide free, personalized voice mail services to people in crisis and transition.

NORTH WEST ORTHOPAEDIC INSTITUTE - \$0.15 MILLION GENERAL FUND-STATE

The North West Orthopaedic Institute is a non-profit medical research and education organization which is located in Lakewood, Washington. Funding is provided for the development of additional organizational infrastructure to assist in musculoskeletal health research.

RETIRED SENIOR VOLUNTEER PROGRAM - \$0.1 MILLION GENERAL FUND-STATE

The Retired Senior Volunteer Program (RSVP) puts thousands of retirees to work in a variety of voluntary settings. Funding is provided to restore funding to the Fiscal Year 2002 level.

COMPENSATION

HEALTH CARE COST SAVINGS - \$5.0 MILLION GENERAL FUND-STATE, \$9.9 MILLION OTHER FUNDS

Surplus dollars in the Public Employee Benefits Board (PEBB) Fund are used to reduce the growth in health care premium costs. It is expected that there will be no increase in state employee contributions. Approximately \$28 million in surplus funds are expended in fiscal year 2005 using the current funding proportions, with 16 percent of the surplus used to reduce employee contributions and 84 percent used to reduce state contributions. An additional \$13.4 million in state funds is then spent to further reduce projected average 2005 employee health care contributions. The state's monthly contribution per employee increases to \$584.58 per month, rather than \$592.39 per month. The net impact on the 2003-2005 biennial budget is a savings of approximately \$9.9 million.

\$1,000 MINIMUM MONTHLY BENEFIT FOR RETIREES - \$0.15 MILLION GENERAL FUND-STATE, \$0.13 MILLION OTHER FUNDS

Substitute House Bill 2538 establishes an alternative minimum benefit in Plan 1 of the Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS). This benefit is available to members who have at least 25 years of service credit, have been retired for at least 20 years, and are currently earning less than \$1,000 per month before survivor benefit adjustments.

OTHER POLICY CHANGES

HOMELAND SECURITY & DISASTER FUNDING

RESPONSE AND RECOVERY FOR OCTOBER 2003 FLOODS - \$6.7 MILLION DISASTER RESPONSE ACCOUNT

Funding from the Federal Emergency Management Agency (FEMA) and state matching funds are provided to the Washington State Military Department to cover response and recovery expenses for the October 2003 floods.

HOMELAND SECURITY FUNDING - \$60.4 MILLION GENERAL FUND-FEDERAL

The federal fiscal year 2004 budget includes \$60.4 million in grants to the Washington State Military Department, with a requirement that at least 80 percent of the funds be passed through to local governments. Funding includes: \$33.4 million for equipment, exercises, training and planning; \$16.4 million for the Urban Area Security Initiative (UASI) for the City of Seattle; \$9.9 million in Terrorism Prevention and Deterrence funds; and \$694,000 for the Citizen Corps and Community Emergency Response Team.

HELP AMERICA VOTE ACT

ELECTION REFORM - \$3.1 MILLION GENERAL FUND-STATE AND \$23.1 GENERAL FUND-FEDERAL

State funding and federal matching funds are provided to implement election reforms enacted by Congress following the 2000 presidential election. The federal Help America Vote Act of 2002 was enacted by Congress to improve election administration, voter outreach, and education. These funds will be used primarily to make grants to county governments to replace punch card voting machines and to develop a statewide voter registration database. The funding will also be used to increase voter access for persons with disabilities and to improve local election administration, voter outreach, and education.

Vetoed

EFFICIENCY SAVINGS

STATE AGENCY EFFICIENCY SAVINGS – \$11.4 MILLION GENERAL FUND - STATE SAVINGS

State agencies are required to become more efficient by reducing expenditures on travel, equipment and personal service contracts during fiscal year 2005 by 10 percent. (See Appendix)

PRESIDENTIAL PREFERENCE PRIMARY - \$6.0 MILLION GENERAL FUND--STATE SAVINGS

The enactment of House Bill 2297 in December 2003 cancelled the presidential preference primary to be held in 2004. As a result of this enactment, the state will realize a savings of \$6.04 million.

LOCAL GOVERNMENT ASSISTANCE

SMALL COUNTY ASSISTANCE - \$4.0 MILLION GENERAL FUND-STATE

Four million dollars of assistance is provided in fiscal year 2005 to 16 small counties.

Adams	\$267,520	Lincoln	\$238,160	Wahkiakum	\$362,320
Asotin	\$289,520	Mason	\$238,400	Walla Walla	\$115,440
Columbia	\$543,760	Okanogan	\$224,000		
Douglas	\$211,200	Pacific	\$ 71,760		
Ferry	\$226,880	Pend Oreille	\$145,280		
Garfield	\$607,840	Skamania	\$ 70,400		
Island	\$ 53,120	Stevens	\$334,400		

2004 Revenue Legislation Changes

General Fund-State Revenue Impacts

(Dollars in Thousands)

Legislation			2003-05	2005-07
SHB	1322	Tax on Indian tribe property	\$0	\$0
SHB	1328	Business & occupation taxation of boarding homes	(\$3,945)	(\$12,910)
EHB	1677	County property tax exemption for farm machinery & equipment	\$0	\$0
SHB	2055	Bundled telecommunications services	\$0	\$0
HB	2453	Wholesale sales of new motor vehicles	(\$3)	(\$8)
E2SHB	2518	PUT on sales of electricity to electrolytic processing businesses	(\$325)	(\$650)
HB	2519	County property tax for criminal justice	\$0	\$0
ESHB	2546	High-tech tax incentives	(\$52,384)	(\$174,063)
ESHB	2675	Economic development public utility tax credit	(\$50)	(\$200)
ESHB	2693	Timber taxation on public land	(\$144)	(\$861)
HB	2794	Allowing licensees to pay for liquor using debit and credit cards	\$63	\$132
SHB	2929	Business & occupation taxation of beef processors	(\$2,188)	(\$3,875)
EHB	2968	Taxation of government payments for salmon restoration	(\$370)	(\$840)
EHB	3036	Modifying unclaimed property laws for gift certificates	\$0	(\$5,480)
ESHB	3116	Tax exemptions for blood, bone, and tissue banks	(\$239)	(\$553)
SHB	3158	Printing/publishing computer equipment sales/use exemption	(\$1,370)	(\$3,120)
SB	5034	Senior citizen property tax exemption	\$0	\$0
SSB	6115	Use tax exemption for amusement and recreation services	(\$231)	(\$409)
SB	6141	Property tax on exempt vehicles	\$0	\$0
SSB	6240	Rural county tax incentives	(\$15,834)	(\$39,118)
2SSB	6304	Aluminum smelter tax incentives	(\$1,714)	(\$3,037)
SB	6448	Transferring collection of certain telephone excise taxes	\$278	\$556
SB	6490	Use exemption for fuel cells	(\$121)	(\$242)
SSB	6515	SSTA corrections bill	(\$7,942)	(\$19,854)
ESB	6663	Modifying promoters requirements for vendor tax registration	\$0	\$0
Total			(\$86,519)	(\$264,532)